

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST)	
RECOVERY FILING OF)	CASE NO. 2004-00334
BLUEGRASS GAS SALES, INC.)	

O R D E R

On May 31, 1996, in Case No. 1994-00433, the Commission approved rates for Bluegrass Gas Sales, Inc. ("Bluegrass") and provided for their further adjustment on a quarterly basis in accordance with Bluegrass's gas cost adjustment ("GCA") clause.¹

On August 30, 2004, Bluegrass filed its proposed GCA to be effective October 1, 2004.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Bluegrass's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Bluegrass's expected gas cost ("EGC") is \$7.8157 per Mcf, 55.27 cents per Mcf less than its previous EGC of \$8.3684.
3. Bluegrass's notice sets out no current quarter refund adjustment.

¹ Case No. 1994-00433, The Petition of Bluegrass Gas Sales, Inc. for Approval of a Certificate of Convenience and Necessity to Construct Facilities, Approval of Financing, Approval of Initial Rates and Operation of a Natural Gas Distribution System, Order dated May 31, 1996.

4. Bluegrass's notice sets out a current quarter actual adjustment ("AA") of 3.47 cents per Mcf. Bluegrass's notice sets out a total AA of 70.6 cents per Mcf, which is an increase of 13.24 cents per Mcf from the previous total AA.

5. Bluegrass's notice sets out a current quarter balance adjustment ("BA") of 1.61 cent per Mcf. Bluegrass's notice sets out a total BA of (15.03) cents per Mcf, which represents a decrease of 1.46 cent per Mcf from the previous total BA.

6. Bluegrass's GCA is \$8.3714 per Mcf, which is 43.49 cents per Mcf less than the previous rate of \$8.8063.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Bluegrass on and after October 1, 2004.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after October 1, 2004.

2. Within 20 days of the date of this Order, Bluegrass shall file with this Commission its revised tariffs setting out the rates approved herein.

Done at Frankfort, Kentucky, this 24th day of September, 2004.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2004-00334 DATED September 24, 2004

The following rates and charges are prescribed for the customers served by Bluegrass Gas Sales, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf (Minimum Bill)	\$4.6137	\$8.3714	\$12.9851